

## **MvVeriSol response HB 6484 3.3.11**

### **Data Reporting Programs**

- Until 2006, almost all programs were data reporting from the insurance companies to the state
  - Data reporting programs are expensive and difficult to implement and maintain requiring IT and admin infrastructure and software development and maintenance for both insurers and state
    - Data integrity is questionable - high rate of errors - VINs don't match - outdated information
  - Almost all programs lack enforcement due in part to unavailable or unreliable data
  - Burden for insurers and insured motorists
    - higher insurance rates
    - many who have insurance are accused of not having it
- Administrative time is wasted handling errors and complaints
- The insurance industry opposes these programs
  - the high costs have to be passed on to their customers in increased insurance premiums

### **Online Verification**

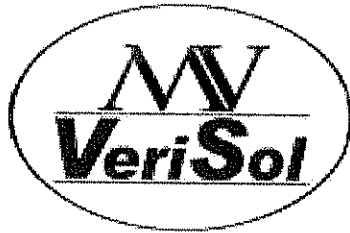
- Event Based Verification
  - Law enforcement – traffic stop, accident
  - Motor vehicle administration – registration, renewal, inspection
  - Courts – as of date of citation
- Ongoing Verification
  - Automatically checks for cancellations and gaps in coverage

### **Key Differences between Reporting Systems and Online Verification**

- Reporting Systems –
  - State is responsible for
    - Maintaining data
    - Matching insurer data to registration records
    - Related infrastructure and administrative costs including high upfront costs
- Online Verification –
  - Insurers (and the vendor) are responsible for
    - Maintaining data
    - Matching registration records to insurer data
    - Related infrastructure and administrative costs
    - Plus the insurer has the incentive to make the customer happy
  - State has benefits by
    - Avoiding high upfront costs
    - Having immediate positive cash flow
    - Uninsured motorists paying fines and reinstatement fees

### **How Online Verification Works**

- An event occurs
- A verification request is made through existing systems without keying any additional information
- Software routes request to insurance company and responds immediately confirmed or unconfirmed
- Every vehicle is periodically checked automatically
  - If no coverage is found for specified period of time, a letter campaign begins
- Runs on jurisdiction's system or at an external facility
- Does not require input of additional data
- Interfaces easily with other applications
- Performs an online request via Web services based on IICMVA, ANSI, and ACORD specifications – the only approach fully supported by the insurance industry
- Obtains an immediate response
- Transfers minimal data – detailed personal and policy information is optional, but not required
- Maintains complete audit log of transactions
- Achieves highest accuracy – obtains the same results as calling the insurance company



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